



Department of
Veterans Affairs

Worklife and Benefits Service (058)
OHRM/LR

Fact Sheet – Deposit Service for Post-56 Military Service

This fact sheet provides information to Federal employees regarding the paying back and crediting of active duty military service under both the Federal Employees Retirement System (FERS) and the Civil Service Retirement System (CSRS) and Civil Service Retirement System Offset (CSRS-Offset). Employees that have questions regarding the information contained in this fact sheet should contact their servicing Human Resources (HR) office.

What Is Military Service?

Military service for FERS and CSRS/CSRS-Offset purposes is any honorable active duty service in the following uniformed services: Army, Navy, Air Force, Marine Corps, and Coast Guard and after June 30, 1960, in the Commissioned Corps of the Public Health Service, and after June 30, 1961, service in the Commissioned Corps of the National Oceanic and Atmospheric Administration and its predecessor agency, and under certain circumstances, service in the National Guard.

May An Employee Receive Credit For Service In The Military Reserves?

Active duty in the various reserve components of the branches listed above is generally creditable for retirement purposes. That is, service in any reserve component is creditable when the individual is called for an active duty period only. Such periods include annual active duty training periods. Note: When an employee performs annual active duty training service during which he or she is on military leave with pay from a civilian position, the period is credited as civilian, not military service.

When Is A Period Of Military Service Creditable For Retirement Purposes?

Generally, a period of military service may be credited for retirement and death benefits purposes, subject to the following conditions:

- a. The military service was performed before the date of separation upon which title to an annuity is based;
- b. It was active duty;
- c. It was not included in the computation of military retired pay, or if it was included in retired pay, the retired pay was awarded based on disability incurred in combat with an enemy of the United States or caused by an instrumentality of war and incurred in the line of duty during a period of war; or granted under the provisions of Chapter 67, Title 10, of the U.S. Code.
- d. It was honorable service;
- e. A deposit is made for post 1956 military service.

How Do I Compute My Military Deposit?

For FERS employees, periods of active duty service prior to 1999, the deposit will equal 3% of your base pay (not allowances) earned during the Post-56 military service, plus any applicable interest. The earliest that interest begins to accrue is 1-1-89 or two years from the date you were first subject to FERS. Interest is compounded annually based on the same rate as for civilian deposits. **No interest is charged if you make the deposit, paid in full, before the first interest accrual date.** If you transferred to FERS and have a CSRS component you continue to be under the CSRS military deposit rules for service performed before the transfer. The earliest interest begins to accrue is 10-1-86 or your third anniversary of entry into a CSRS position (if no CSRS component, interest begins to accrue two years from the date of transfer to FERS; posted on the third year).

FERS Employees With A CSRS Component:

If you will not be eligible for Social Security at age 62, no deposit is required for the military service performed after 1-1-57. If you are first hired **on or after 10-1-82**, a deposit is required regardless if you will be eligible for Social Security. *Note: The Office of Personnel Management will only check with Social Security for eligibility the year that you turn age 62 or at retirement, if later.*

Catch-62 Example:

If you do not make a deposit for your Post-56 service subject to CSRS rules, your annuity will be computed as follows:

Age at retirement - 55

Years of service - 30 (military and civilian)

Years of military service - 10 (Post-56)

At age 62, **if eligible for Social Security**, annuity will be re-computed and reduced eliminating the 10 years of Post-56 military service.

What Are The Procedures To Make A Military Deposit?

You must complete a RI 20-97, Estimated Earnings during Military Service, and mail it to the appropriate military finance center identified on the RI 20-97, with copies of your DD Form(s) 214. The completed form or letter showing the estimated earnings will be returned to you. Upon receipt of your estimated earnings, complete the personal information on the SF 2803, Application to Make Deposit or Redeposit (CSRS), or SF 3108, Application to Make Service Credit Payment (FERS), as applicable and submit them to your servicing HR office. Upon receipt your HR office will submit this information to your servicing payroll office. Your payroll office will contact you regarding the amount owed and your payment options.